



Transport Procurement Strategy



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1. Executive Summary

Hurunui District Council is part of the North Canterbury area and the town of Amberley is only 45 minutes from the centre of Christchurch City. This gives part of the District access to a reasonable size pool of suppliers for goods and services, including a range of small to medium companies based in the Hurunui. However, the balance of this seventh largest NZ district is located further north of Amberley, stretching as far as the Conway and the Lewis Pass, with a maintained transport infrastructure in place to adequately service the demand of these road-user patrons. This vast and demanding geographic area services a substantial percentage of NZ's export receipts, as well as regional and local supply demand.

Thus, the road infrastructure needs to be strategically and financially aligned to Central Government's demand to provide:

- a safe and resilient transport system that is free of deaths and serious injuries,
- an accessible transport system that provides increased access to economic and social opportunities with greater transport choice, that provides better environmental outcomes that reduce the adverse effects on the climate, local environment and public health, and achieves the best value for every dollar invested and spent.

This version of Hurunui District Councils (HDC) transport procurement strategy supersedes the previous NZTA endorsed November 2015 version.

1.1 Introduction

This document sets out the Hurunui District Council's strategic approach to transport related procurement of works and services in the district.

Best value and efficiency goals require a positive approach to fair competition, taking advantage of opportunities for innovation and partnerships with the public, contractors, other Councils and other organisations. The strategy seeks a balance between two priorities:

- 1) Delivering quality and efficiency (safe, on-time and best value for money)
- 2) Engaging with local and regional suppliers to promote the local economy which provides long-term competition and resilience (resource capability and willingness) to respond to increased demand in times of need.

The procurement strategy takes a balanced approach to risk management. As the purchasing organisation, the Council must establish the level of risk it is prepared to shoulder in relation to its dealings with suppliers. Understanding risk and appropriate apportionment, between supplier and Council, is a key consideration when it comes to delivering value for money. Equally, it is important that the product is affordable and meets the desired performance levels.

In preparing this Transport Procurement Strategy 2019, Hurunui District Council (HDC) has considered its planning framework, and its principles and attitude to procurement.

1.2 Summary Statement Of Key Issues And Opportunities To Obtain Best Value For Money

KEY ISSUES

- Numerous tracts of unsealed and sealed local road network that link produce from 'gate' to State Highways to market. These require higher levels of maintenance and/or renewal attention to achieve central government driven transport efficiencies to support GDP, safe roads with increased access to economic and social opportunities.

- Higher levels of co-investment funding requirements for maintaining the Inland and Inland Kaikoura Roads (Route 70) from 'Red Post Corner' on State Highway 7 to State Highway 1 (just short of Kaikoura) as an alternative route for State Highway 1 when out of commission (strategic and resilient link for the district, the region and the nation).
- Narrow roads that are ill-suited to the wider agricultural vehicles and equipment that need to use these roads.
- Tourism demand, with numerous transportation routes servicing national and international interest.
- Natural disaster recovery and ongoing consequences of weakened infrastructure and altered overland water paths. This is amplified by climate change impacts upon infrastructure not designed to meet this new demand.

OPPORTUNITIES

- In 2015, Council procured a 'one-contract' road maintenance service (including the works required for the metalling, reseal, pavement treatment, drainage renewals) to achieve economy of scale tender prices at tender box. This contract style may be re-used.
- Historic collaborative, shared service contracts are being retained and renewed, and new collaboration opportunities are discussed with neighbouring RCA's (e.g. asset management activities for improved tactical direction, as well as more activity-bundling shared service delivery activities for improved operational direction).
- ONRC benchmarking with neighbouring RCA's to drive improved consistency and opportunities for innovation, and to improve the commercial intelligence to understand the true cost of maintenance versus contract price paid.
- The provision of longer contract periods (7 years) based on performance outcomes and competitive contract prices (driving early contractor investment and better value for money outcomes).
- Applying a focus on integrated Client/Supplier/Customer approach in maintenance contract management.
- To work alongside our contractor to apply the principles of the improved business case approach and to better apply the principles of the One Network Road Classification (ONRC) to our transport network, thus ensuring that the local transport network is both fit-for-purpose and efficiently maintained to respond to present and future traffic demands.

1.3 Recommendations

- a) That the NZTA endorse the Strategy.
- b) That the NZTA approve the continued use of in-house Professional Services.

1.4 Endorsements

This strategy was adopted by Council in February 2020 and will be reviewed following a Section 17a Review.

The Council endorsed this strategy on: 27 February 2020

The NZTA endorsed this strategy on: 16 December 2019

2 Policy Context

This document is the Transport Procurement Strategy (the “**Strategy**”) for the Hurunui District Council (the “**Council**”). Its development is required under Rule 10.4 of the NZTA Procurement Manual (the “**Manual**”) and Section 25 of the Land Transport Management Act (LTMA) 2003 (amended 2008) for transport activities funded through the NLTP published by NZTA.

This strategy is set in the context of the Council’s overall procurement policy that details what is required by the organisation when procuring products and services. In instances where this strategy specifies an approach that differs to the general approaches set out in the Councils’ overall procurement policy, a specific procurement plan will be developed.

2.1 Strategic Objectives And Outcomes

The Council seeks the following objectives in relation to procurement:

- Service excellence, focus on customer experience.
- Performance and results management.
- Value for money outcomes.

The Council’s Long Term Plan contains the following ‘aim’ in relation to the provision of transport infrastructure services:

“To provide a transport network that is safe, affordable and accessible for all people throughout the District”.

Transport Infrastructure activities primarily contribute to two of our community outcomes, namely:

- A desirable and safe place to live:
 - We have attractive well designed townships; and
 - Communities have access to adequate health and emergency services and systems and resources are available to meet civil defence emergencies.
 - Risks to public health are identified and appropriately managed.
- A place with essential infrastructure:
 - We have a strong emphasis on service delivery across all infrastructure including roads, footpaths, water (for drinking and development), waste water, stormwater and solid waste)

Principles of HDC Procurement Policy:

- Value for money: selecting the best possible outcome for the total cost of ownership
- Transparency: being open in the administration of funds
- Accountability: ability to provide complete and accurate records of the use of public funds
- Fairness: acting reasonably and impartially to all parties involved in the procurement process

Objectives:

- To ensure purchasing is transparent, fair, consistent and lawful
- To achieve value for money in procurement activities
- To facilitate an efficient and effective approach to procurement

In order to provide this outcome, the Council procures:

- Professional services for studies, assessments and designs.
- Contractor services for maintenance and upgrades to its other existing infrastructure.
- Contractor services for construction of other new infrastructure.

It is one of Council's infrastructure procurement objectives to:

"Deliver affordable Council's Infrastructure programmes that encourage fair, transparent and competitive processes".

2.2 Objectives And Outcomes For This Procurement Strategy

The Council's foremost primary infrastructure procurement objective is to:

"Deliver Council's Infrastructure programmes on time and at best value for money".

In addition, the Council requires transport procurement to achieve or contribute to the following outcomes:

- Council's transport infrastructure programmes and projects are aligned to the current three year LTP.
- Council processes that are timely, effective and deliver at an affordable cost of ownership.
- The procurement strategy supports and maintains safe Health & Safety practices at all times.
- Best value suppliers are participating in fair contestable processes to deliver Council projects and programmes.
- Council understands its supply market.
- Council supports the continuation and growth of local Small Medium Enterprises (SMEs) within the district through local sub-contractor engagement within the main contract. This includes education, training and mentorship from the main contractor for sub-contractor up-skilling.

2.3 The NZTA Procurement Requirements And What They Mean For HDC

The NZTA procurement requirements are: Value for money, Competitive and efficient markets and Fair competition among suppliers.

The measures that the Council is taking to achieve these requirements are as outlined below:

Value for money

- A robust asset management planning regime to identify an effective work plan and provide a whole-of-life approach to asset management.
- Use the most appropriate selection and engagement processes that suit the desired procurement and its level of risk.
- Successful delivery of works and services. The right outcome at the right time in the right place at the right price (within budget).
- Optimising asset life while meeting appropriate service levels.

Open and effective competition is the principle mechanism for achieving value for money. As the model demonstrates, effective competition is stimulated by the quality of specification, the transparency of the process and the quality of engagement with the supply markets

Competitive and efficient markets

- Tender periods will be appropriate to ensure complete and comprehensive tenders are submitted.
- Clear specifications will be developed and engagement with the supply markets will be professional and transparent.
- The time between awarding of tenders and commencement is appropriate to enable suppliers to resource and programme with confidence.
- Contractors are aware of upcoming tenders and possible design options

Fair competition among suppliers

- The Council will ensure that its forward works procurement programme is communicated to the market as soon as possible after it is finalised by the Council, allowing for early contractor/supplier engagement.
- The process for assessing and awarding contracts will be open, transparent, clear, logical and defensible.

2.4 Other Relevant Factors

This document applies to the strategic approach the Council will take towards procurement of transport infrastructure services. It must however be read in conjunction with Council's Procurement Policy.

Where this strategy specifies an approach that is different to the approach set out in the Council's procurement policy, a specific procurement plan will be developed.

2.5 Other Influencing Documents:

Other documents that also influence this Strategy include:

- Council's Delegations Register
- Council's Long Term Plan (LTP)
- Council's Annual Plan (AP)
- Council's Roding Asset Management Plan (AMP)
- Council's Infrastructure Strategy
- Council's Financial Strategy
- Council's District Plan
- Hurunui Road Safety Action Plan
- Regional Land Transport Strategy
- Government Policy Statement
- Local Government Act 2002
- Land Transport Management Act 2003
- NZTA's Procurement Manual

3 Procurement Programme

3.1 Procurement Programme

The Council delivers the majority of transport services through third party term service contracts for professional services, maintenance and operation works, renewal works and capital works. In addition to these contracts, the Council procures individual contracts for other capital works as and when required (e.g. low cost low risk LCLR works or emergency works).

The Council contracts external resources to undertake tasks and various activities that cannot efficiently or effectively be addressed by internal staff due to limitations around time, commitments or expertise. This may include providing specific analysis and advice such as modelling, surveying, structural assessments and valuations. Contracts are also established with education specialists from time to time to help spread messages publically and encourage behaviour changes. This includes topical areas such as road safety.

The Council does not provide any ferry or bus services, or any form of public transport.

The table on the following page provides the Council's Procurement programme from 2018 to 2028. All figures are presented in 2018 dollars, as set out in the approved and endorsed in the HDC Long Term Plan 2018.

The value of projects to be procured varies from year to year, dependent upon the term service duration and the Council endorsed and approved budget amounts (designed bill of quantities/schedule of prices).

Table 1. HDC Approved Works Programme 2018 – 2021

Phase	2018/19	2019/20	2020/21	Total 2018-21	Total 2015-18
111 - Sealed pavement maintenance	1,295,000	1,115,000	1,115,000	3,525,000	4,021,102
112 - Unsealed pavement maintenance	437,043	550,000	550,000	1,537,043	1,237,009
113 - Routine drainage maintenance	205,000	205,000	205,000	615,000	1,096,201
114 - Structures maintenance	71,173	100,000	100,000	271,173	126,748
121 - Environmental maintenance	455,000	530,000	530,000	1,515,000	1,926,088
122 - Traffic services maintenance	180,000	180,000	180,000	540,000	341,559
125 - Footpath maintenance	1,423,330	162,710	81,820	1,667,860	0
131 - Level crossing warning devices	7,000	7,000	7,000	21,000	15,254
140 - Minor events	28,473	120,000	100,000	248,473	100,000
151 - Network and asset management	665,000	615,000	605,000	1,885,000	1,647,322
Subtotal for operations & maintenance:	4,767,019	3,584,710	3,473,820	11,825,549	10,511,283
Phase	2018/19	2019/20	2020/21	Total 2018-21	Total 2015-18
211 - Unsealed road metalling	483,709	630,000	630,000	1,743,709	1,656,166
212 - Sealed road resurfacing	1,599,897	1,100,000	1,000,000	3,699,897	2,940,480
213 - Drainage renewals	148,635	280,000	280,000	708,635	764,657
214 - Sealed road pavement rehabilitation	717,836	700,000	700,000	2,117,836	1,615,779
215 - Structures component replacements	46,061	195,000	195,000	436,061	537,468
222 - Traffic services renewals	489,625	282,548	300,000	1,072,173	652,818
Subtotal for Road renewals:	3,485,763	3,187,548	3,105,000	9,778,311	8,167,368
Total budget:	8,252,782	6,772,258	6,578,820	21,603,860	18,678,651

Table 2. Transport Infrastructure Procurement Programme 2018-2028

This table shows existing contract durations and expected timing for new contracts. This may change considerably, following a Section 17a review and the preferred direction of the newly elected Council.

Simplified Program			2020				2021				2022			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Current Road Maintenance (15/01)	Rollover 1, yr 5				Rollover 2, yr 6				Rollover 2, yr 7					
New Road Maintenance &			Write new contract				Tender & award						New contract	
Bridge repairs & renewals	Construction				Tendering				Construction					
Road Marking (19/20)	Existing contract													
Road Marking - next					revise contract		Tender	New contract						
Street Lighting - next	Tender		New contract											
Bridge Professional services	Existing contract													
Bridge Professional services							Negotiation	New contract						
AMP & Valuation Professional Services					New contract, every 3 years									
RAMM, Roughness, dTiMs, traffic counts					New contracts, every 3 years (some monopoly providers)									

Table 3. Summarised procurement selection and tender methodology

Work type	Proposed RFT release date	Approx. Annual budget	Proposed delivery model	Proposed selection method	Price : Non-Price attributes	Duration (years)
Road Maintenance	May 2021	\$5,450,000	Staged	PQM	60:40	3+2+2
Bridge Upgrades	February 2021	\$260,000	Staged	PQM	Pass/Fail	3
Lighting Maintenance	September 2019	\$450,000	Staged	PQM	70:30	3+1+1
Road Marking	March 2021	\$120,000	Staged	LPC	-	2+2+1

Deviation from the Manual’s maximum term service contract (5 years engagement) is proposed due to the existing success with the current maintenance contract.

3.2 Identification Of Any Pending High-Risk Or Unusual Procurement Activities

There are no identified pending high-risk or unusual procurement activities currently taking place or planned to take place in relation to HDC’s procurement strategy for transport infrastructure services prior to the review of this strategy in 3 years’ time.

4 Procurement Environment

4.1 Analysis Of Current Supplier Market

Table 4. Likely suppliers for Transport Activities

Activity	Potential Suppliers
Professional Services	WSP Opus, BECA, AECOM, Stantec
Physical works (Tiers are based on capability to deliver large scale projects)	Tier 1: Downer, Fulton Hogan, Higgins, City Care, HEB,
	Tier 2: Sicon, Isaac, Blakely
	Tier 3: John Sheppard, Civil and Land, Topp Earthmoving, Vaughan Campbell, Mt Lyford Contracting, Coughlan Contracting...
Specialist works	MainPower, Hunter Civil, Reefton Crane, KiwiRail

Despite being a low value and spread out network, we have good access to large and small contractors, servicing other networks and private customers nearby. There is good breadth of experience and usually sufficient capacity to meet our needs. The wide range of Tier 3 contractors are ideally located around the district to provide good Emergency Response across a widespread network.

4.2 Analysis Of The Impact Of The Procurement Programmes Of Other Approved Organisations And Other Entities

The following other organisations are procuring or may procure significant projects that may attract local suppliers interested in the Council's future transport infrastructure maintenance projects:

- New Zealand Transport Agency (NZTA)
- Kaikoura District Council (KDC)
- Waimakariri District Council (WDC)
- Christchurch City Council (CCC)
- Selwyn District Council (SDC)

The Council is mindful that the normal activities of NZTA, KDC, WDC, CCC and SDC, if all procured at the same time as this Council, could place undue pressure on the industry by creating work 'spikes' and thus reducing competition or tender box interest for individual contracts.

The Council participates in a North Canterbury Collaboration Group to spread the load (and the availability of work to the industry) throughout the year and across years. The Council believes it will benefit from greater levels of competition for its contracts at tender box as a consequence of these collaborative discussions.

The following table provides a list of all known significant projects being procured by other local entities that may compete for suppliers over the coming years:

Table 5. Procurement projects by other road controlling authorities

Agency	Known Projects	Proposed tender release
WDC	Road maintenance contract	November 2020
SDC	Road maintenance contract	June 2021

5 Approach To Delivering The Work Programme

5.1 Specific Strategic Objectives

The Council's primary transport infrastructure objective is to:

"Deliver Council's Infrastructure programmes on time and at best value for money".

This strategy has considered how to achieve best value for money through the procurement process. Through the consultation process, initiatives to ensure the on-time delivery of the programme have also been identified.

5.2 Procurement Approach

OBJECTIVE	ADDRESSED BY....
Council programmes and projects are aligned to the current three (3) year LTP	<ul style="list-style-type: none">programming updates of this strategy to take into account programme changes in the Long Term Plan and any other policy changes.
Council processes are timely, effective and deliver at lowest cost of ownership	<ul style="list-style-type: none">helping remove questions about the way projects will be procured in the future and reduce the need to produce individual procurement strategies for projects that do not meet the Council's procurement policy.investigating and applying within each asset management plan and during project planning a whole-of-life analysis process.
Best value suppliers are participating in contestable processes to deliver Council projects and programmes	<ul style="list-style-type: none">determining the value suppliers will bring to a project through attribute testing during the tendering process.using local professional consultants who have historically provided Council with valued advise and innovative considerations to achieve improved outcomes at the same or lower cost.
Council understands the supply market	<ul style="list-style-type: none">conducting workshops with consultants and contractors, requesting and receiving feedback, and reviewing recently awarded contracts.

5.3 Collaboration With Others

This strategy does not preclude the Council from entering into joint or shared procurement of services with relevant partners to enable shared services and deliver better value to the community. The Council already collaborates with other agencies/road controlling authorities for shared service agreements (e.g. current Lighting Contract shared with WDC) and continues to seek other opportunities for more efficiencies and cost-effectiveness in delivering our road maintenance and renewal services to the district.

Council works with other agencies such as Department of Conservation and Environment Canterbury on a wide range of activities, to improve efficiency and customer outcome.

5.4 Direct Appointments And Pre-Qualification Arrangements

The Council presently issues for tenders or negotiates with historic professional service providers under \$50,000 per annum. We do not have any pre-qualification systems in place at this time.

6 Implementation

6.1 Internal Capability And Capacity

Council underwent a restructure in August 2019. The following people / positions are involved in Transport related activities.

- Roading Manager
- Operations Engineer
- Programme Office Manager (capital and renewals focus)
- Technical Assistant (database administration, programming, assets)
- Roading Administration Officer

There is intent to hire a cadet or graduate engineer as part of succession planning and general support / cover for the team. We acknowledge the need to improving the skill base and providing learning opportunities within the Public Works field and wish to contribute.

6.2 Internal Procurement Processes

The Council's procurement policy sets out how goods and services should be purchased by the Council. This policy has been developed with reference to the Auditor General's Procurement guidance for public entities (Controller and Auditor General, 2008).

6.3 Performance Measurement And Monitoring

The Council collects information on its procurement activities through the following methods:

- Contract reviews
- Maintenance of project files with all key information
- Discussions with suppliers
- Liaison with affected third parties
- Internal discussions between technical staff
- Customer and neighbour feedback during and after contract implementation

The present system obtains the information required by NZTA under Section 11 of the Procurement Manual and sufficient information to enable Council to monitor progress against its own procurement goals.

The Council will undertake regular reviews of the quality and quantity of information obtained, and the results of any audits, in order to ensure the Council is working towards meeting its goals and objectives.

6.4 Review Plan

This strategy will be reviewed following the upcoming Section 17a Review.

After that, further reviews or updates will be made when there is any significant change to the strategic direction the Council wishes to take toward the procurement of services, or every three years, whichever comes first.

Generally, this strategy should be updated at least every three years to ensure that the procurement processes are consistent with the objectives of the Council LTP.

6.5 Communication Plan

This Strategy will be uploaded onto our Website, to make it publically accessible.

Stakeholders to be considered for consultation pre endorsement may include the following:

Stakeholder Group	Stakeholders	
Local Contractors	Fulton Hogan HEB Downer Higgins City Care Vaughan Campbell	Sicon Mt Lyford Contractors Civil & Land John Sheppard Contractors Topp Earthmoving Barry Coughlan
Local Consultants	WSP Opus Beca Agfirst Shaw Consulting	Stantec Aecom BeforeUDig
National and local bodies	NZTA DOC RCA's	KiwiRail ECan
Contractor and Consultant Bodies	iPENZ Canterbury IPWEA NZ New Zealand Contractors Federation ACENZ Canterbury	